MUNICIPAL CORPORATIONS — FRANCHISES AND LICENSES — ENFORCEMENT OF PENALTY. — As one of the terms of its franchise to a street railway company, the city of New York imposed a license fee on each car put into operation. Later an ordinance was passed, fixing a penalty of fifty dollars per day for failure to pay the license fee. *Held*, that the ordinance is void. *City of New York* v. *New York City Ry. Co.*, 138 N. Y. App. Div. 131.

By the terms of its franchise the plaintiff agreed to have its street railway in operation by a certain date or to forfeit a deposit made with the defendant city. The road was not completed at the time set. *Held*, that although the sum does not represent liquidated damages, the deposit is forfeited. *Whitcomb* v. *City of Houston*, 130 S. W. 215 (Tex., Ct. Civ. App.).

Legislative sanction is necessary to enable a municipality to grant the use of its streets to railways, and the conditions which the municipality can impose depend upon express legislation or implications therefrom. DILLON, MUNICIPAL CORPORATIONS, 4 ed., §§ 717, 719. A condition that on failure to fulfill its agreement with the city the grantee of the franchise should forfeit a certain sum has generally been held good, on one or the other of two grounds: (1) Such a sum has been held to be liquidated damages, where the damage to the people of the city would be unascertainable. *Brooks* v. *City of Wichita*, 114 Fed. 297; *Turner* v. *City of Fremont*, 170 Fed. 259. (2) As the state can impose a duty on those entering into relations with it, and a penalty for breach of such duty, so a city, by delegated legislative authority, can collect the entire sum deposited, as a statutory penalty. *State Trust Co.* v. *City of Duluth*, 70 Minn. 257; *City of Salem* v. *Anson*, 67 Pac. 190 (Ore.). The first of the principal cases shows clearly that a penalty is invalid if imposed after the grant of the franchise, but the second shows that a penalty provided for by the terms of the grant will be enforced.

PAROL EVIDENCE RULE — SUBSTANTIVE LAW EXPRESSED IN TERMS OF EVIDENCE. — BILLS AND NOTES: ORAL AGREEMENT TO RENEW AT MATURITY. — The defendant was sued as maker of a note, and pleaded that it was orally agreed by the plaintiff that the note could be renewed at maturity at the defendant's option. *Held*, that this plea is a good defense. *Lockyer & Rhawn* v. *Poth*, 67 Leg. Int. 219 (Pa., C. P., Phila. County, March 17, 1910). See NOTES, p. 55.

POLICE POWER — REGULATION OF BUSINESS AND OCCUPATIONS — TRADING-STAMP COMPANIES. — A statute of Minnesota, in effect, made illegal the business commonly carried on by trading-stamp companies. *Held*, that the statute is not a proper exercise of the police power. *State ex rel. Simpson* v. *Sperry-Hutchinson Co.*, 126 N. W. 120 (Minn.).

The defendant was indicted under a statute prohibiting the business of issuing and redeeming trading-stamps. *Held*, that the statute is not unconstitutional as being an unreasonable interference with the freedom of trade and contract. *District of Columbia* v. *Kraft*, 38 Wash. L. Rep. 406 (D. C.).

These cases seem irreconcilable. The Minnesota case is supported by the weight of authority. *People* v. *Dycker*, 76 N. Y. Supp. 111; *Ex parte Drexel*, 147 Cal. 763; *Young* v. *Commonwealth*, 101 Va. 853. Only two decisions and one *dictum* support the District of Columbia case. *Lansburg* v. *District of Columbia*, 11 App. D. C. 512; *Humes* v. *Fort Smith*, 93 Fed. 857. See *State* v. *Hawkins*, 95 Md. 133. A trading-stamp company, although not manifestly illegal, may reasonably be considered as a parasite on legitimate trade, depending for its profits on the desire of the ignorant to gain something for nothing, and on either the non-redemption of a large number of its stamps or the fraudulent overvaluation of its "premiums." If such a view may not unreasonably be taken by a legislature, it is within the exercise of the police power to prohibit it.